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1945 OUTLOOK ISSUE

THE

Cotton

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

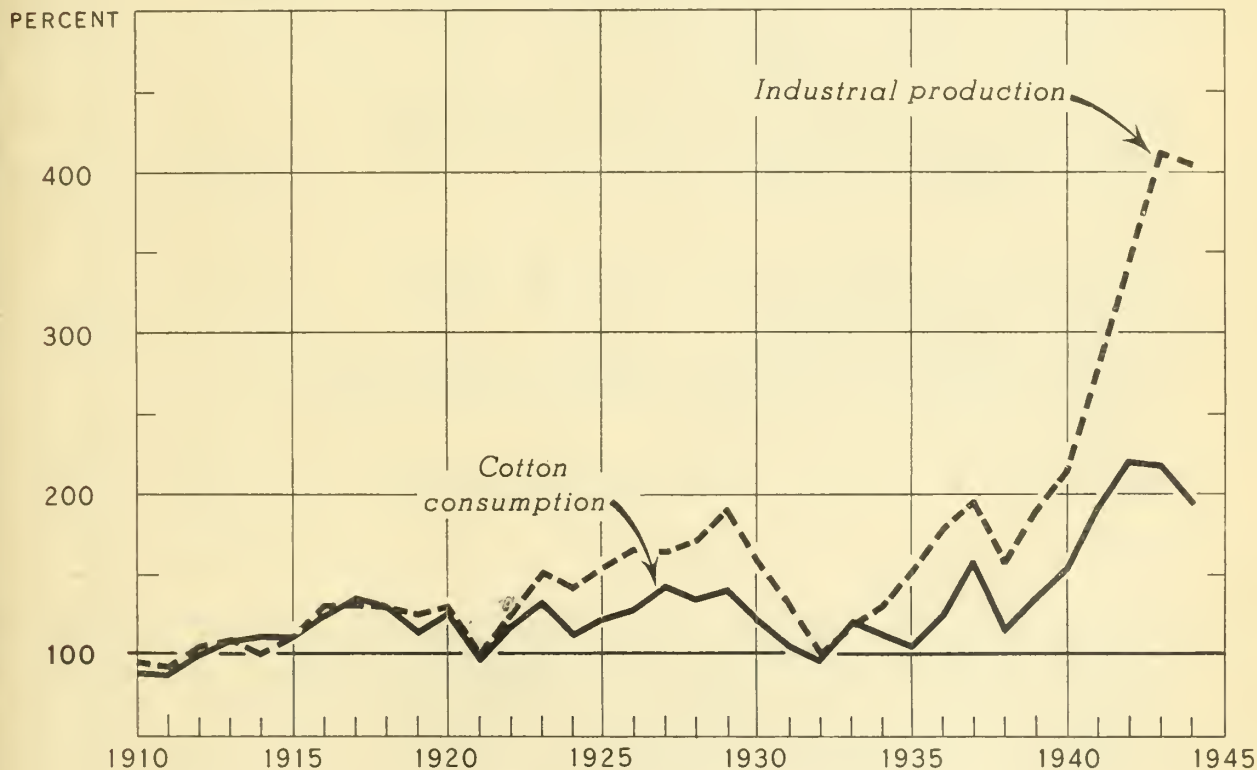
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OCTOBER 1944

COTTON CONSUMPTION AND INDUSTRIAL PRODUCTION, UNITED STATES, 1910-44

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*COTTON CONSUMPTION, CROP YEAR ENDING AUG., 1910-13, CROP YEAR ENDING JULY, 1914-44

U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

In most periods changes in the index of cotton consumption are associated with similar changes in the index of industrial production. However, both in the early 1920's and again during the current war, industrial production has risen from the level, relative to cotton consumption, on which it had been for a number of years, to a new and higher level. After the war, both cotton consumption and industrial production will decline, but cotton consumption is expected to revert more nearly to its pre-war level than is industrial production.

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THE COTTON SITUATION

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1945 Outlook Issue

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SUMMARY

Present indications point to a domestic supply of American cotton in 1944-45 of about 22-1/4 million running bales, of which about 10.6 million represent carry-over at the beginning of the season, and 11-2/3 million new production. Although this supply is about 1/2 million bales larger than last season (most of the increase being in the size of the crop), it is smaller than any other season's supply since 1936-37.

Domestic consumption has continually declined since the peak annual rate of nearly 12 million bales was established in April 1942, and last season totaled slightly under 10 million bales. Despite some recovery in the fall months, consumption in 1944-45 may be somewhat less than last season. The demand for cotton textiles is such that substantially larger quantities could be readily absorbed. This unfilled demand, plus any increased demand which may arise for textiles for exports, will go far, at least for a time, toward offsetting such cancellation of Army contracts for cotton textiles as will occur following VE-Day. Consequently, it is believed that cotton consumption will not slump any time during the current season for lack of a sufficiently strong demand to take at ceiling prices all of the cotton textiles that will be produced.

American cotton will face ever keener than normal competition in foreign markets, particularly as ocean-shipping space becomes more plentiful. The August 1 world carry-over of foreign cotton totaled close to 14-1/2 million bales, which compares with slightly more than 12-1/2 million in 1943 and 7-1/2 million in 1939. Since most of this cotton was held in exporting countries, it will be seeking export outlets as soon as conditions permit. The recently enacted Surplus Disposal Bill, which provides that American cotton can be sold for export at competitive world prices, improves American cotton's competitive position abroad, although

the effect on U. S. exports after shipping becomes available will be lessened as a result of the fact that import interests already have acquired title to considerable cotton in foreign exporting countries. The total world carry-over of all kinds of cotton is likely to be at least somewhat higher in 1945 than a year earlier. The carry-over on August 1, 1944, of 25-3/4 million bales, was 1-3/4 million bales larger than a year earlier and over 4 million bales larger than the carry-over in 1939.

Although Allied armies have already liberated some areas in which cotton textile production was important before the war, the amount of cotton for which these mills will provide an export outlet will be limited by the extent to which the extremely high level of synthetic fiber production is continued, the mechanical condition of the mills, the adequacy of the supply of labor and power, the supply of capital available, and the lag that will be experienced in acquiring repair parts, raw cotton, etc. Consequently, while exports of American cotton are expected to be larger this season than last, it seems unlikely that they will exceed 2 million bales. Even this level would be inadequate to account for the difference between domestic production and consumption, with the result that the domestic carry-over of American cotton on August 1, 1945, may be slightly larger than a year earlier.

Since cotton is now being purchased at parity prices by the War Food Administration, producers are assured a favorable return for their 1944 crop. With cotton support prices tied to parity, as provided for by present legislation, and with but a little decline in parity in prospect, it would seem that a favorable income situation will also prevail next season unless production falls greatly.

Although the outlook for the next year or two is for exceptionally large gross returns from marketings of lint and seed, certain highly important unfavorable factors in the longer-time outlook should not be overlooked. Domestically, rayon consumption during the last 10 years has increased from a ratio of 1 pound of rayon for each 14 pounds of cotton in 1933 to 1 pound for each 8 pounds of cotton in 1943, and important gains in rayon and other synthetic fibers are expected to continue during the next several years. At the same time American cotton will meet increased competition in foreign countries, both from synthetic fibers and from foreign cotton. Foreign production of rayon in 1942 was equivalent to roughly 6-3/4 million bales of cotton compared with only 1 million bales in 1932. In 1943-44 the total supply of foreign cotton, nearly 27-1/4 million bales, was 8-1/2 million bales larger than 10 years earlier compared with the peak foreign mill consumption of all cotton in 1936-37 of 22-3/4 million bales.

THE DOMESTIC COTTON OUTLOOK

Domestic Supply and Distribution of American Cotton; Outlook Is for Further Rise in Carry-Over in 1945

Present indications are that the domestic carry-over of American cotton on August 1, 1945, will be somewhat larger than a year earlier despite some expected increase in disappearance.

The domestic supply of American cotton for 1944-45, based on October production indications, will be about 22-1/4 million running bales or 1/2 million bales larger than in 1943-44 and the smallest since 1936-37. Included in this supply is a carry-over of about 10.6 million bales which was only 40,000 bales larger than a year earlier, and a production (in-season ginnings with an adjustment for city crop) of about 11-2/3 million running bales which is 1/2 million bales larger than in 1943-44.

Prospective disappearance (domestic consumption, exports, and destroyed) may total about 11-1/2 million bales, or about 1/3 million bales more than last season. Of this amount consumption is now expected to total roughly 9-1/2 million bales. This compares with a domestic consumption of American cotton of 9.8 million bales and a total consumption of a little over 9.9 million in 1943-44.

Further Decline in Cotton Consumption Expected
Despite Abundant Supply of Raw Cotton and
Tight Textile Situation

Current indications are that domestic cotton consumption will again decline this season and that total consumption in 1944-45 will be about 9-1/2 million bales. While this is 15 percent below the war-time peak consumption of 11,170,000 bales in 1941-42 and nearly 1/2 million bales below last season's consumption of 9,942,000 bales, it is, nevertheless, well above the pre-war record high of slightly under 8 million bales.

Two things that are worthy of emphasis in this connection are that none of the decline in cotton consumption in the last 2-1/2 years is attributable either to a scarcity of raw cotton or to a lack of would-be buyers of textiles. In fact, a substantially larger quantity of textiles than was actually produced would have found ready buyers at ceiling prices had it been available. The decline in textile production was caused in large part by the labor situation.

During the 5 seasons 1935-39, consumption in the United States averaged nearly 7 million bales per year. Virtually all of this amount was for domestic civilian consumption inasmuch as the combined military and export demand was negligible. Although the combined military and export demand mounted rapidly, the quantity of goods available to domestic civilians in 1940-41 and 1941-42 appears to have been higher than ever before. Much of the increase took the form of inventory accumulations. In 1942-43, the new supply of cotton textiles available to civilians appears to have been about in line with consumer purchases, leaving textile inventories in civilian distributive channels about where they were a year earlier. However, since Government takings continued to increase and total production to decline, the quantity of new production available for domestic civilians in 1943-44 appears to have been below any recent pre-war average and inventories were, consequently, materially reduced. The same situation has prevailed so far this season and is expected to continue until sometime after VE-Day.

Just when demand will again become a limiting factor on cotton consumption remains to be seen. Military purchases of textiles, undoubtedly, will decline soon after VE-Day. UNRRA and certain foreign countries reportedly stand ready, however, to acquire cotton textiles in this country as soon as their orders can be placed without too great a disrupting influence in the textile market. Inasmuch as certain kinds of cotton textiles in civilian distributive channels are especially short and inventories of certain other lines below normal, it seems unlikely that demand will be a limiting factor on domestic cotton consumption at any time during the first year following VE-Day, unless within such period military takings should fall to less than half of their 1943-44 levels, and/or undue pessimism permeates civilian trade channels, thereby causing the placing of civilian orders to be delayed. Even then, depending on our trade policies and the supply of shipping, exports of textiles may offset enough of the decline in the combined domestic civilian and military demand for textiles to prevent cotton consumption from dropping as a result of lack of demand.

Subsequently, of course, this will no longer be the case. The military demand for textiles will eventually cease to be of particular consequence and the export demand, though possibly large until mills in liberated areas and in Britain can be brought back to a high level of production, will eventually taper off, leaving domestic civilian demand in the same position of dominance as a claimant for textile production as before the beginning of the defense program.

Carry-Over in Better Balance Than in
Either of Past Two Seasons

The size of the carry-over at the beginning of the current season is not greatly different than in the past two seasons, 10,727,000 bales compared with 10,657,000 bales in 1943 and 10,640,000 in 1942. Changes in the total have been small, although significant year-to-year changes have occurred in particular qualities. To facilitate comparisons, the 325 grade and staple combinations and of Upland cotton have been grouped into 16 grade and staple combinations and the data have been summarized on that basis. The actual carry-over in each of these quality groups (see below and also Table 5) on August 1, 1944, was found to bear a much closer resemblance to the carry-over 2 years earlier than it did to the carry-over in 1943. In every instance, the change in the carry-over from 1943 to 1944 was in the opposite direction from the change from 1942 to 1943.

By comparing each season's carry-over with disappearance the preceding season, the 1944 carry-over is found to be in better balance than in either 1942 or 1943. The tightest situation is in the 2 categories, Middling 1-1/32 inch through 1-3/32 inch and Strict Low Middling of the same staple lengths, where the carry-over represents only 52 percent and 47 percent, respectively, of last season's disappearance. Ten of the 16 quality groups fall within the range 75 through 105 percent of the preceding season's disappearance and the remaining 4 ranged as high as 220 percent. In 1943, 7 quality groups were within the range 40 to 74, 1 from 75 to 105, and 8 were 106 and higher. In 1942 there were 6 qualities in each of the high and low ratio groups and 4 in the medium ratio group.

The Carry-Over on August 1, 1944, as a Percentage of the
1943-44 Disappearance, by Grade and Staple Length

Grade	: 29/32" : and : shorter :	15/16" : through : 1" :	1-1/32" : through : 1-3/32" :	1-1/8" : and : longer :	Total
	: Percent	: Percent	: Percent	: Percent	: Percent
Strict Middling	:	:	:	:	:
and Higher	: 101	: 81	: 84	: 105	: 88
Middling	: 166	: 79	: 52	: 79	: 83
Strict Low	:	:	:	:	:
Middling	: 220	: 76	: 47	: 90	: 91
Low Middling	:	:	:	:	:
and Lower	: 199	: 132	: 82	: 91	: 139
Total	: 188	: 88	: 58	: 89	: 96

The domestic disappearance of American Upland cotton (supply minus end-of-season carry-over) totaled 11,040,000 bales last season, a drop of 1,268,000 bales or 10 percent from 1942-43. This drop was entirely confined to the two medium staple groups as both the shortest and the longest showed slight increases. Similarly, the disappearance of Middling and Strict Low Middling accounted for all the decline as sizeable increases occurred in the disappearance of Strict Middling and Higher and Low Middling and Lower.

New Crop: Staple Longer and
Grade Lower Than in 1943

On the basis of ginnings through October 17, the staple length of the 1944 crop is longer than in 1943 but the grade is averaging somewhat below last season. Furthermore, the ginning of the crop is considerably delayed compared with a year ago. Two factors are largely responsible for this. The planting of the 1944 crop was quite generally delayed by adverse weather and the crop, therefore, was later in maturing. Considerable delay in harvesting also has resulted from a tight picking situation. Through October 17, ginnings totaled only 6,282,155 bales, or only 54 percent of the indicated crop, compared with 70 percent to the same date last season. However, during the first half of October ginnings were larger than a year ago.

Unseasonal rain and a scarcity of pickers, which caused some cotton to be left in the field longer and some to be picked less carefully than is normal, are largely responsible for the lower grade of this year's crop. Through October 17, only 6.2 percent of this season's ginnings had been graded White and Extra White Strict Middling and Better as compared with 18.3 percent to the same date last season. Largely as a consequence of this decline, the percentages of Middling, Strict Low Middling, and Low Middling and Lower are higher this season than last.

So far as staple length is concerned, the average is longer this season than last (32.3 thirty-seconds through October 17, 1944, compared with 31.8 thirty-seconds inch a year earlier). This improvement was associated with a marked relative increase in the production in the medium lengths. Ginnings having a staple length of 29/32 inch and shorter were 10.2 percent of the total compared with 15.3 percent through October 17, 1943; 15/16 inch to 1 inch were 39.3 percent compared with 45.4 percent in 1943; and 1-1/8 inch and longer were 3.5 percent compared with 4.9 percent in 1943. Cotton having a staple length of from 1-1/32 inch to 1-3/32 inch inclusive, therefore, accounted for 47.0 percent of the total ginnings through October 17 compared with 34.4 percent to the same date in 1943.

The two tightest places in the carry-over, Middling grade of 1-1/32 to 1-3/32 inch staple and Strict Low Middling grade of the same staple, seem likely to be qualities that may be in greatest abundance in this season's production. With nearly one-half of the crop remaining to be ginned after mid-October, there is, of course, the possibility that both the grade and the staple length of the entire crop may be significantly different from the above. A late crop, with heavy rains and with a scarcity of pickers, increases the likelihood that there may be a worse than average seasonal decline in the grade of ginnings.

In view of what is now known about the quality of the 1944 carry-over and the 1944-45 crop, there is little, if any, likelihood that any particularly tight situation will develop so far as qualities are concerned. Of course, the stocks are still heavily weighted with the shorter lengths and lower grades, but disappearance last season indicates that domestic mills are able to use more of these qualities when prices are favorable to their use. Furthermore, any sizeable expansion of export outlets for American cotton may see a considerable volume of these qualities moving abroad.

Returns from Marketings of the 1944 Cotton Crop May Be Largest Since 1928

Cotton farmers are receiving the highest prices in many years for the cotton crop they are now harvesting. The September farm price of 21.02 cents has not been equalled since July 1928. It is practically the same as the September parity price of 21.08 cents per pound. The September farm price of cottonseed was \$52.30 per ton, or 137 percent of the parity price of 38.30 per ton.

With the farm prices of lint and seed now supported by the Government, the former by both a loan program based on 95 percent of parity and a purchase program intended to give farmers a parity return, the outlook is for a somewhat higher return from marketings in 1944-45 than in 1943-44. Although no official estimate of returns from marketings in 1944-45 can be made at this time, it is helpful in analyzing the cotton outlook to see the effects of assumed prices. For instance, the crop of 11,953,000, 500 pounds gross weight, as estimated in October, would return to farmers 1,256 million dollars from lint at the September farm price of 21.02 cents per pound. Returns from a crop of this size may be figured at 59.8 million dollars for each 1 cent of price. Assuming sales equivalent to 85.5 percent of production (the 1939-43 average), returns from the sale of cottonseed would total about 221 million dollars at the September farm price. Thus, returns from seed can be figured at about 21 million dollars for each 5 dollars in the price of seed per ton.

Total returns from marketings of lint and seed would, therefore, be about 1,477 million dollars on the basis of September 1944 farm prices, the highest of any year since 1928.

The prospective returns from marketings of the 1944 crop appear even more favorable when viewed on a per acre basis. The crop which is currently being harvested involves the smallest acreage since 1895 and the yield per acre of 284.6 pounds is by far the largest on record (previous record was 272.4 pounds in 1942), thereby acting to raise the gross returns per acre. As a consequence, assuming the season average prices of lint and seed to be the same as prices in September, the gross return from marketings per acre of cotton harvested would be \$62.30 from lint and \$10.98 from seed. This combined return of \$73.28 per acre is the highest on record and compares with \$61.92 in 1943, \$63.08 in 1942, and the previous record of \$69.25 per acre in 1919.

Outlook Favorable for 1945 Production

Returns from Marketings.--Present indications are that 1945 will be another favorable year for cotton farmers, at least so far as prices are concerned. Existing legislation requires that price-supporting Government loans be provided on cotton at 92-1/2 percent of parity and parity is expected to decline but little by the summer of 1945.

Labor.--Outbacks in war production and partial demobilization of the armed forces are unlikely to have any marked effect on the supply of labor available on farms in the late winter and spring months when the work on the 1945 crop will be started. By harvest time, however, more labor is expected to be available, both as a result of reductions in the armed forces and declines in industrial employment. How much this will help in the picking of the cotton crop will depend in part on the unemployment benefits for which released war workers will be eligible and their hopes and aspirations concerning continued employment outside of agriculture, and/or outside the South.

Machinery.--The production of new farm machinery in 1944-45 probably will be approximately the same as in 1943-44, while the production of repair parts will be somewhat higher than in 1943-44. It is anticipated that the sharply stepped-up production rates will result in farmers obtaining deliveries at earlier dates in 1944-45 than during the past year. It may even be possible to increase production of most types of farm machinery and equipment, this depending, of course, upon whether the military situation results in making available certain critical component parts. Therefore, machinery should be sufficient for cotton production in 1945, provided production schedules are met and machines are distributed in accordance with needs.

Fertilizer.--The outlook for the over-all supply of fertilizer for 1945 is for about the same supply of superphosphate as was available in 1944 but with increased supplies of potash and possibly smaller supplies of nitrogen. The supplies of materials to furnish phosphate and potash should be sufficient for all normal needs of cotton in 1945. There should also be sufficient supplies of mixed fertilizer. Many farmers using ammonium nitrate on cotton in 1944 will probably need to use nitrate of soda in 1945 because of possible war needs for ammonia.

THE 1944-45 WORLD OUTLOOK

World Supplies May Reach New High Level Despite Below Average Production

It is now expected that the 1944-45 world production of cotton for commercial distribution will be slightly larger than the 25.6 million bales (14.5 million of which were of foreign cotton) produced in 1943-44 but, with that exception, may still be the smallest since 1934. The 1934-38 average world production was 28.8 million bales. Despite the smaller than average production, the world carry-over on August 1, 1944, now estimated at approximately 25.8 million bales, seems likely to result in a world supply for the current season somewhat in excess of the previous record supply of 50.4 million bales, and some 5 million or more bales larger than the 1934-38 average world supply. The current season's world carry-over is approximately 9.2 million bales larger than the 1934-38 average, 7.2 million bales of the increase over the average representing foreign cotton and 2.0 million bales American cotton. The 14.4 million bales carry-over of foreign cotton on August 1 of this year represents an increase of 1.7 million bales over that of a year earlier. Pre-sort indications are that the world carry-over, both of foreign cotton and the total of all cottons, will increase still further during the current season.

World Consumption Expected to
Increase in Current Season

Despite the probability that cotton consumption in the United States will be somewhat smaller this season than last, it is expected that total world mill consumption of cotton will be larger. It is expected that an increase in cotton consumption in foreign countries will result mainly from increased consumption in France, Spain, Belgium, Holland, and possibly in a number of other countries including Brazil, Mexico, Italy, and Egypt. It is possible that in Italy and Holland the total output of textile mills may be less than in 1943-44 because of wilful or other destruction of textile machinery. Because, however, of the increased availability of raw cotton, at least a considerable proportion of the mills may be able to use cotton during the latter part of the current season, whereas in the past season, those mills that were in occupied territory are believed to have operated almost entirely on synthetic fiber. Preliminary and incomplete reports from France and Belgium indicate that the damage to the cotton mills of those countries through military action and enemy demolition was not very great. Consequently, these mills are expected to consume a good many thousand bales of cotton before the end of the current season compared with a probable zero consumption in the 1943-44 season. One factor which is likely to limit cotton consumption in some areas is the tight fuel situation.

In both the United Kingdom and Canada, the two largest cotton importing countries accessible to American cotton during the war, slight increases in cotton consumption seem likely, provided cutbacks in military production following VE-Day are sufficient to provide increased workers for the cotton textile industry. In India, where cotton consumption has increased to such an extent that India is now exporting cotton textiles instead of importing millions of yards of cotton goods as was the case before the war, cotton consumption should continue at record or near record levels. Even if world production of commercial cotton should fall below the 25.6 million bale crop of last season, it seems quite likely that world consumption will be less than production, thereby resulting in a further increase in world stocks.

World Consumption of American Cotton May
Show Little Change Compared with 1943-44

With a possibility that the consumption of American cotton in the United States will be somewhat lower during the current season than in 1943-44, it hardly seems likely that world consumption of this cotton can be expected to increase significantly. Even though a substantial part of the increase in cotton consumption in Europe is represented by American cotton, the increased consumption in this area is not expected to represent a very large quantity of cotton and may not entirely offset the reduction which is expected in the United States. Inasmuch as stocks of cotton in most liberated areas were or will be nil at the time of liberation, the quantity of American cotton exported to foreign countries this season will be somewhat larger than the foreign consumption of this cotton. The same will also be true with respect to the total quantity of cotton entering into international trade in comparison with the consumption of cotton in importing countries.

Until recently, American cotton stood to profit directly but little, if any, by the resumption of cotton textile production in liberated areas. This was because American cotton was priced so unfavorably, relative to certain other growths with which it is directly competitive and of which there are sizeable accumulated stocks. However, the provision of the Surplus Disposal Act of 1944, which authorizes the sale of American cotton for export at competitive world prices, eliminates the principal incentive foreign buyers previously had to buy their cotton elsewhere than in the United States. Even so, this can not be expected to be reflected in as large exports of American cotton this season and next as would have been the case had some importing countries not already bought sizeable quantities of foreign cotton for delivery whenever shipping conditions permit. Nevertheless, exports of American cotton may go up to 2 million bales if shipping is available. This would be more than in any of the past 4 seasons but otherwise less than at any time for many years.

SOME ASPECTS OF THE LONGER TIME OUTLOOK FOR COTTON

Over a somewhat longer period of time than just the present season, two developments are of the utmost importance to cotton in general and to American cotton in particular. During the 10-year period ended in 1942, rayon production increased on an average of 18 percent per year in the United States and 22 percent per year in foreign countries. The world production of rayon in 1932 was 534.6 million pounds, the equivalent of approximately 1-1/4 million bales of raw cotton, but, by 1942, rayon production was 3,472.9 million pounds or the equivalent of nearly 8-1/4 million bales of cotton. Of these amounts, the United States accounted for 25 percent and 18 percent, respectively.

In addition to the great increase in total rayon production, there has been a marked change in the composition of the rayon produced. As late as 1932, rayon staple fiber accounted for only 3 percent of the total rayon production, but by 1942 it accounted for 58 percent of the total for the world or 66 percent of the total for foreign countries. The wide adaptability of staple fiber has been an important factor contributing to its phenomenal growth, although a substantial part of the increased world production of staple fiber resulted from efforts by the totalitarian countries (Germany, Japan, and Italy) to become self-sufficient. Its versatility and adaptability for various uses, either separately or in blending with other fibers, have permitted the development of a much larger variety of fabrics, style effects, and designs.

The shortage of foreign exchange on the part of these and other foreign countries for use in importing cotton and other fibers was due in part to the high tariff rates imposed on goods imported into the United States and other countries and by the higher priority placed on other imported products requiring foreign exchange. The United States Government's cotton production-control and cotton price-support policies, through their effects on cotton prices, have also affected domestic and foreign production and consumption of rayon.

The war has stimulated the production of rayon, especially in the Axis-controlled areas (at least up through 1942) where supplies of cotton and wool were largely restricted by blockade. In Great Britain and possibly a few other but smaller rayon-producing countries, production has declined, but in most non-Axis controlled countries production has been expanded.

Estimates of rayon production in many foreign countries during the war period are less reliable than normally, but such data as are available indicate that in the Axis-controlled areas (which account for about 3/4 of the world total production of rayon), staple fiber production has increased more rapidly during the war period than has filament yarn production. This is understandable in view of the scarcity of wool and cotton as a result of the cutting off of imports, and the fact that rayon staple fiber can be readily processed on either cotton or wool textile machinery.

In connection with the outlook for the post-war period, it is highly significant that most important foreign rayon-producing countries were formerly important cotton-manufacturing countries which imported most of their raw cotton. In these countries the production of rayon instead of cotton textiles permits important savings of monetary balances held in foreign countries. The usual source of cellulose is wood pulp, which is usually available to these countries at costs equivalent to not more than 4 or 5 cents a pound of fiber and often with no expenditures whatever of foreign exchange. Countries with well developed chemical industries have available domestically nearly all of the materials other than pulp needed in rayon production. In the event post-war international trade and monetary relations are such that foreign countries are hard pressed for foreign exchange, the Governments of these countries may limit the importation of cotton and other natural fibers and in other ways encourage increased production of rayon and other synthetic fibers. Such substitution of rayon for cotton was particularly important in Germany, Italy, and Japan in the late 1930's and may continue to be important in the post-war period. In the United Kingdom the loss of external sources of income during the war and heavy indebtedness to the United States could make the same considerations applicable there, especially with respect to the importation of American cotton. France and some of the other countries that have been under Axis control may find that in the reconstruction period demands on funds available for foreign exchange will dictate at least some forced substitution of rayon for cotton and wool. Where unemployment is a problem, the additional labor involved in producing rayon may also give foreign Governments an incentive to encourage rayon production and consumption at the expense of cotton which must be imported.

In the United States, the trend of rayon production is also expected to continue upward, but at a much slower rate than in the past. The same seems to be a reasonable expectation in regard to total domestic synthetic fiber production, even though nylon and some of the other synthetic fibers may expand at a very rapid rate in the years immediately ahead. The extent of the increase will be influenced by the extent of technological developments in synthetic fiber manufacture and, particularly in rayon staple fiber, by domestic prices of synthetic fiber, cotton, and wool. To a lesser degree, the increases may also be influenced by technological developments in processing and marketing of cotton and wool, as well as by a number of other factors affecting the competitive position of these natural and synthetic fibers.

Table 1.- STATISTICAL SUMMARY

Item	Unit or base period	1943		1944		Pct. of year ago 1/
		Sept.	July	Aug.	Sept.	
Prices:						
Middling 15/16-inch, 10 markets	Cent	20.44	21.64	21.41	21.40	105
Farm, United States	Cent	20.20	20.32	20.15	21.02	104
Parity	Cent	20.34	21.08	21.08	21.08	104
Farm, percentage of parity	Percent	99	96	96	100	101
Premium of 1-1/8-inch over basis 2/:						
Memphis	Point	434	450	450	430	99
Carolina "B" mill area	Point	609	625	625	605	99
New England mill area	Point	634	650	650	630	99
SXP, New England mill points 3/	Cent	48.13	51.50	51.50	51.50	107
Cloth, 17 constructions	Cent	40.62	40.62	41.54	42.02	103
Mill margin (17 constructions)	Cent	20.37	19.15	20.35	20.89	103
Cottonseed, farm price	Dollar	51.90	53.00	53.20	52.30	101
Cottonseed, parity	Dollar	37.00	38.30	38.30	38.30	104
Cottonseed, farm, pct. of parity	Percent	140	138	139	137	98
Consumption:						
All kinds during month, total	1,000 bales	872.2	724.2	841.5	793.1	91
All kinds cumulative, total	1,000 bales	1,715	9,942	841	1,635	95
All kinds per day, total	Bale	40,565	36,208	36,587	38,687	95
All kinds, annual rate	Million bales	10.4	9.3	9.4	9.9	95
American-Egyptian cotton, total	Bale	3,633	2,949	3,622	3,349	92
American-Egyptian, cumulative	Bale	7,040	43,720	3,622	6,971	99
Foreign cotton, total	Bale	10,387	8,288	9,452	8,536	82
Foreign cotton, cumulative	Bale	20,533	113,582	9,452	17,988	88
Spindle activity:						
Spindles in place	Thousand	23,352	23,293	23,254	23,198	99
Active spindles	Thousand	22,631	22,290	22,241	22,280	98
Percentage active	Percent	96.9	95.7	95.6	96.0	99
Hours operated, total	Million	10,325	8,608	9,952	9,381	91
Hours per spindle in operation	Hour	456	386	447	421	92
Hours per day 4/	Hour	15.2	12.5	14.4	14.0	92
Stocks, end of month:						
Consuming establishments	1,000 bales	1,931	1,873	1,710	1,714	89
Public storage and compresses	1,000 bales	10,433	8,246	7,937	9,776	94
Total 5/	1,000 bales	12,364	10,119	9,647	11,490	93
Egyptian cotton, total 5/	Bale	36,335	61,778	58,081	54,253	149
American-Egyptian cotton, total 5/	Bale	39,438	52,898	43,119	48,237	122
Index numbers:						
Cotton consumption	1935-39 = 100:	156	139	140	148	95
Spindle activity 6/	Percent	127.5	115.5	116.3	122.3	96
Prices paid, interest, and taxes	1910-14 = 100:	164	170	170	170	104
Industrial production	1935-39 = 100:	244	231	232	231	95
Wholesale prices	1910-14 = 100:	151	152	152	152	101

1/ Applies to last month for which data are available. 2/ Premiums for Middling 1-1/8 inch based on near active month futures at New York. 3/ SxP, No. 2, 1-1/2 inch. 4/ Total hours per spindle in operation divided by number of days in calendar month. 5/ Includes only stocks in mills and public storage and at compresses. 6/ Based on 5-day 80-hour per week operation.

Compiled from official sources.

Table 2.- Cotton, American: World supply and consumption, 1920-44

Year begin- ning Aug.	Supply					Mill consumption 1/				
	Carry-over Aug. 1				World total carry- over	World produc- tion	World total supply	United States	Foreign coun- tries	World total consum- tion
	United States			Foreign coun- tries						
	Loan stocks	Other stocks	Total							
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales	run- ning bales
1920	0	3,541	3,541	2,797	6,338	13,664	20,002	4,677	5,591	10,268
1921	0	6,724	6,724	2,950	9,674	8,285	17,959	5,613	6,596	12,209
1922	0	3,156	3,156	2,524	5,680	10,124	15,804	6,325	6,124	12,449
1923	0	2,129	2,129	1,189	3,318	10,330	13,648	5,353	5,564	10,917
1924	0	1,439	1,439	1,272	2,711	14,006	16,717	5,917	7,394	13,311
1925	0	1,503	1,503	1,877	3,380	16,181	19,561	6,176	7,834	14,010
1926	0	3,413	3,413	2,088	5,501	18,162	23,663	6,880	8,868	15,748
1927	0	3,662	3,662	4,183	7,845	12,957	20,802	6,535	9,041	15,576
1928	0	2,425	2,425	2,781	5,206	14,555	19,761	6,778	8,448	15,226
1929	0	2,131	2,131	2,386	4,517	14,716	19,233	5,803	7,218	13,021
1930	2/1,312	3,010	4,322	1,865	6,187	13,873	20,060	5,084	5,972	11,056
1931	2/3,393	2,870	6,263	2,713	8,976	16,877	25,853	4,744	7,784	12,528
1932	2/2,379	7,201	9,580	3,683	13,263	12,961	26,224	6,004	8,381	14,385
1933	1,129	6,952	8,081	3,728	11,809	12,712	24,521	5,553	8,227	13,780
1934	3,002	4,646	7,648	3,053	10,701	9,576	20,277	5,241	5,965	11,206
1935	5,088	2,049	7,137	1,904	9,041	10,495	19,536	6,221	6,282	12,503
1936	3,237	2,099	5,336	1,662	6,998	12,375	19,373	7,768	5,325	13,093
1937	1,655	2,722	4,387	1,848	6,235	18,412	24,647	5,616	5,179	10,795
1938	6,964	4,482	11,446	2,341	13,787	11,665	25,452	6,736	4,513	11,249
1939	11,049	1,907	12,956	1,181	14,137	11,418	25,555	7,655	5,221	12,876
1940	8,733	1,736	10,469	2,073	12,542	12,305	24,847	9,576	2,291	11,867
1941	7,047	4,979	12,026	771	12,797	10,628	23,425	10,974	1,186	12,160
1942	4,218	6,287	10,505	660	11,165	12,604	23,769	10,930	1,313	12,243
1943 3/	4,608	5,961	10,569	817	11,386	11,143	22,529	9,828	1,250	11,078
1944 3/			10,609	792	11,401					

1/ Excluding from 18,000 to 183,000 bales destroyed annually.

2/ Probably includes some futures, the exact amount of which is not known.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.

Table 3.- Cotton, foreign: World supply and consumption, 1920-44

Year begin- ning Aug.	Supply					Mill consumption 1/		
	Carry-over August 1							
	United	Foreign	total	produc-	total	United	Foreign	World
	States	countries	carry-	tion	supply	States	countries	total
			over					consump-
								tion
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales	bales	bales
	2/	2/	2/	2/	2/	2/	2/	2/
	3							
1920	283	5,131	5,414	6,964	12,378	216	6,667	6,883
1921	172	5,323	5,495	6,888	12,383	297	7,272	7,569
1922	166	4,648	4,814	8,327	13,141	341	8,547	8,888
1923	196	4,057	4,253	8,760	13,013	328	8,782	9,110
1924	117	3,786	3,903	10,088	13,991	276	9,147	9,423
1925	107	4,461	4,568	10,562	15,130	280	9,378	10,158
1926	129	4,843	4,972	9,768	14,740	310	9,621	9,931
1927	100	4,709	4,809	10,386	15,195	299	9,567	9,866
1928	111	5,218	5,329	11,247	16,576	313	10,239	10,552
1929	182	5,842	6,024	11,535	17,559	303	11,551	11,854
1930	208	5,497	5,705	11,503	17,208	179	11,197	11,376
1931	107	5,725	5,832	9,602	15,434	122	10,239	10,361
1932	98	4,975	5,073	10,500	15,573	133	10,133	10,266
1933	83	5,224	5,307	13,354	18,661	147	11,675	11,822
1934	96	6,743	6,839	13,466	20,305	120	14,154	14,274
1935	71	5,960	6,031	15,646	21,677	130	14,896	15,026
1936	73	6,578	6,651	18,354	25,005	182	17,363	17,545
1937	112	7,348	7,460	18,333	25,793	132	16,646	16,778
1938	87	8,828	8,915	15,844	24,759	122	17,136	17,258
1939	77	7,424	7,501	15,908	23,409	129	15,481	15,610
1940	95	7,635	7,730	16,352	24,082	146	14,529	14,675
1941	140	9,167	9,307	15,493	24,800	196	13,100	13,296
1942	135	11,319	11,454	13,974	25,428	170	12,477	12,647
1943 3/	88	12,593	12,681	14,500	27,181	114	12,586	12,700
1944 3/	118	14,263	14,381					

1/ Excludes from 50,000 to 100,000 bales destroyed annually for recent years.

2/ 478 pounds net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, and estimates by the Department of Agriculture.

Table 4.- Cotton, all kinds: World supply and consumption, 1920-44

Year begin- ning Aug.	Supply				Mill consumption 1/			
	Carry-over Aug. 1		World total carry- over	World produc- tion	World total supply			World total consump- tion
	United States	Foreign countries				United States	Foreign countries	
	bales	bales				bales	bales	
	2/	2/	2/	2/	2/	2/	2/	2/
1920	3,824	7,928	11,752	20,628	32,380	4,893	12,258	17,151
1921	6,896	8,273	15,169	15,173	30,342	5,910	13,868	19,778
1922	3,322	7,172	10,494	18,451	28,945	6,666	14,671	21,337
1923	2,325	5,246	7,571	19,090	26,661	5,681	14,346	20,027
1924	1,556	5,058	6,614	24,094	30,708	6,193	16,541	22,734
1925	1,610	6,338	7,948	26,743	34,691	6,456	17,712	24,168
1926	3,542	6,931	10,473	27,930	38,403	7,190	18,489	25,679
1927	3,762	8,892	12,654	23,343	35,997	6,834	18,608	25,442
1928	2,536	7,999	10,535	25,802	36,337	7,091	18,687	25,778
1929	2,313	8,228	10,541	26,251	36,792	6,106	18,769	24,875
1930	4,530	7,362	11,892	25,376	37,268	5,263	17,169	22,432
1931	6,370	8,438	14,808	26,479	41,287	4,866	18,023	22,889
1932	9,678	8,658	18,336	23,461	41,797	6,137	18,514	24,651
1933	8,164	8,952	17,116	26,066	43,182	5,700	19,902	25,602
1934	7,744	9,796	17,540	23,042	40,582	5,361	20,119	25,480
1935	7,208	7,864	15,072	26,141	41,213	6,351	21,178	27,529
1936	5,409	8,240	13,649	30,729	44,378	7,950	22,688	30,638
1937	4,499	9,196	13,695	36,745	50,440	5,748	21,825	27,573
1938	11,533	11,169	22,702	27,509	50,211	6,858	21,649	28,507
1939	13,033	8,605	21,638	27,326	48,964	7,784	20,702	28,486
1940	10,564	9,708	20,272	28,657	48,929	9,722	16,820	26,542
1941	12,166	9,938	22,104	26,121	48,225	11,170	14,286	25,456
1942	10,640	11,979	22,619	26,578	49,197	11,100	13,790	24,890
1943 3/	10,657	13,410	24,067	25,643	49,710	9,942	13,836	23,778
1944 3/	10,727	15,055	25,782					

1/ Excluding from 18,000 to 283,000 bales destroyed annually.

2/ American in running bales (counting round bales as half bales) and foreign in bales of approximately 478 pounds net weight.

3/ Preliminary and partly estimated.

Compiled from reports of the Bureau of the Census, the New York Cotton Exchange Service, the Commodity Credit Corporation, and estimates by the Department of Agriculture.

Table 5.- Cotton, American Upland: Supply and distribution, by grade and staple length, 1942-44

[illegible]

Compiled from records and reports of the Cotton and Fiber Branch, Office of Distribution, and the Commodity Credit Corporation.

